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TECHNICAL MEMORANDUM

Utah Coal Regulatory Program

March 22, 2012

TO: Internal File

THRU: Daron Haddock, Permit Supervisor 

FROM: James Owen, Engineer 

RE: New Trash Bunker, Energy West Mining Company, Deer Creek Mine,
C/015/0018, Task #4045

SUMMARY:

On March 13, 2012, the Utah Division of Oil Gas & Mining received an application for an amendment to the Mining & Reclamation Plan (MRP) of the Deer Creek Mine. The application seeks approval to construct a new trash bunker facility at the mine site in Deer Creek canyon.

In an OSM over-site inspection during the spring of 2011, OSM noted that the approved non-coal waste storage area was less than desirable and probably adds to the constant and reoccurring non-coal waste problems. Energy West committed to improving its non-coal waste handling practices. The application also includes an updated bond estimates escalated to 2016. Also included is a revised surface facility map (Plate 3-9).

This memo addresses the application's compliance with the engineering (R645-301-500) and bonding (R645-301-800) sections of the Utah Coal Mining Rules.

TECHNICAL MEMO

TECHNICAL ANALYSIS:

OPERATION PLAN

SUPPORT FACILITIES AND UTILITY INSTALLATIONS

Regulatory Reference: 30 CFR Sec. 784.30, 817.180, 817.181; R645-301-526.

Analysis:

The new trash bunker facility, which is to be built Deer Creek canyon in an already disturbed area with and near other surface facilities, is considered a support facility and its construction constitutes a minor revision.

In an OSM over-site inspection during the spring of 2011, OSM noted that the approved non-coal waste storage area was less than desirable and probably adds to the constant and reoccurring non-coal waste problems. Energy West committed to improving its non-coal waste handling practices by building the trash bunker.

Findings:

Contents and information provided are sufficient enough to meet the minimum requirements of this section of the Utah Coal Mining Rules.

MAPS, PLANS, AND CROSS SECTIONS OF MINING OPERATIONS

Regulatory Reference: 30 CFR Sec. 784.23; R645-301-512, -301-521, -301-542, -301-632, -301-731, -302-323.

Analysis:

Also included is a revised surface facility map (Plate 3-9) which shows the new location of the proposed trash bunker on the northeast side of the facilities. Other revisions that have occurred since the last map was update in 2005 are also shown on the map. All revisions have been yellow highlighted and declared in the revision block. Minor hydrologic adjustments were made in terms of flows. The adjustments comply with the appropriate requirements. The map has not been properly certified according to R645-301.512.120, but will be expected to be certified on final submittal.

Findings:

Contents and information provided are sufficient enough to meet the minimum requirements of this section of the Utah Coal Mining Rules.

RECLAMATION PLAN

BONDING AND INSURANCE REQUIREMENTS

Regulatory Reference: 30 CFR Sec. 800; R645-301-800, et seq.

Analysis:

Updated bond information for the bunker is included with the application. The total estimated demolition cost for the bunker is estimated at \$4,143 at reclamation. The demolition estimated was added as a line item to the demolition cost summary. No earthwork or revegetation costs will be associated with the reclamation of this surface facility. The total demolition cost was increased to \$769,234 with the inclusion of the trash bunker.

The application included an updated version on the bond summary spreadsheet. The total amount of required bond is calculated to be \$3,381,000 escalated to 2016 Division records indicate that the Permittee has a surety bond posted in the amount of \$3,374,000. This means that there is \$7,000 lacking in the posted bond.

According to the Division directives, after reviewing a bond, the Division may choose not to change the bond amount if the cumulative difference between the revised reclamation cost and the approved bond amount is less than 5%. The Division believes those increases in the reclamation costs of up to 5% can be made without compromising reclamation success. The \$7,000 difference equates to much less than 5%. Therefore, additional bond will not need to be posted.

Findings:

Contents and information provided are sufficient enough to meet the minimum requirements of this section of the Utah Coal Mining Rules.

RECOMMENDATIONS:

Conditional approval is recommended at this time based on receipt of a properly certified version of Plate 3-9.